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Rewald Prosecutor Pushes Sex Angle

By Charles Memminger
Star-Bulletin Writer

A secretary and mother of four yesterday described in halting testimony how she agreed to meet Ronald Rewald to have sex. But she denied the $8,500 she received from Rewald was payment for being intimate with him.

"I don't think I was paid to make sex," Kathy Subica said. "He was just a good guy."

Subica, however, is the third woman to testify that she received money from Rewald after having sex with him. The government contends that Rewald spent some $280,000 on women during the high-flying days of Bishop, Baldwin, Rewald, Dillingham & Wong.

That is just a small portion of the millions of dollars investors lost when the company collapsed in 1983. Rewald is on trial in federal court on charges that he defrauded the investors, committed perjury and evaded taxes.

Government attorneys won't say exactly how many women they will be putting on the stand. But the three women who have testified so far received a total of about $20,000.

Rewald's wife, who attended the trial opening, has been absent from the courtroom since then. Rewald has sat unemotionally while the women described how he asked them to join him in a Harbor Square apartment for an afternoon rendezvous.

THE STORY Subica told yesterday was similar to the one two weeks ago by another secretary who worked on the same floor of Grosvenor Center that housed Rewald's office.

Subica, who was a secretary for some of Rewald's attorneys, said that in July 1980 Rewald invited her to lunch at Arthur's, a downtown restaurant. Rewald asked her if she would be a "companion" to one of Rewald's friends for $1,000 a month.

Subica said she was having financial difficulties at the time and agreed. Rewald later told Subica that he was the one with whom she would be meeting.

Under questioning by prosecutor Ted Greenberg, Subica said she had sex with Rewald on four occasions. Other times, the two would meet near Bob's Big Boy restaurant, on the ground floor of the Harbor Square, and Rewald would give her checks. On those occasions, she said, Rewald was too busy for an "intimate encounter."

In all, Rewald gave her $8,500, Subica said, including a $2,000 loan. She took the money, she said, because "I needed help. I've got four kids."

EARLIER yesterday, an Indonesian man testified that he invested in Rewald's sporting goods enterprise and ended up losing $450,000 when Bishop, Baldwin collapsed.

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Rewald claims in a sealed affidavit obtained by the Star-Bulletin that Guandi Gautama's investment account was being used, under directions of the CIA, to shelter foreign money in the United States.

Gautama, however, said all of the money he put in the account was his.

He said Rewald used Gautama's Djakarta address in Bishop, Baldwin brochures advertising BBRD&W foreign offices. But he said BBRD&W never actually did business there. In fact, the office never was officially registered with the Indonesian government as it was required to.

Gautama said he felt ashamed to receive $1,000 a month from Rewald for actually doing no work.

Although Gautama said he was never briefed on what his duties for Bishop, Baldwin were supposed to be, he admitted that he signed a contract which specified that he had the power to hire, fire and promote employees.

In 1982, he said, Rewald visited Djakarta, but only as a tourist. Rewald bought souvenirs which cost Gautama $4,000 to ship to Hawaii. Rewald "reimbursed" Gautama by crediting $4,000 to his BBRD&W investment account.

THE GOVERNMENT claims that such "transfers" only occurred on paper, along with fictitious interest payments. In any case, Gautama said he lost the $4,000 with the rest of the money he had invested with Rewald.

Gautama said Rewald had agreed to try to get him a visa which would have allowed him to travel frequently to the United States. But Rewald also attempted to force him to invest an additional $250,000 in the sporting goods business.

Asked if he thought Rewald was "holding out the lure of the visa to get the $250,000," Gautama said, "It looks like that."

Also testifying yesterday was Ken Sanders, a public relations and advertising executive, who said he eventually went to work for Rewald. Sanders said it was his company which prepared the flashy Bishop, Baldwin brochures that Rewald used to lure investors to his company. He did not know that many of the claims in the brochures were false, Sanders said.

He said he invested and lost $47,000 in Bishop, Baldwin and his father lost $20,000.

Sanders said he thought that he had sold 51 percent of his advertising company to Rewald but learned after the collapse that the papers never actually were signed.

Bishop, Baldwin also had been Sanders' second biggest client. It was not long after the Bishop, Baldwin collapse that his company also went into bankruptcy Sanders said.

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